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**FOOD STAMP CERTIFICATION  
BENEFIT ADJUSTMENTS  
Restoration of Lost Benefits**

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**FS 900 BENEFIT ADJUSTMENTS  
FS 905 Restoration of Lost Benefits  
Change #7-2003  
April 21, 2003**

**905.01            REQUIREMENT FOR RESTORING LOST BENEFITS**

A food stamp unit (FSU) is entitled to restored benefits when benefits have been lost due to an administrative error; by an administrative disqualification for Intentional Program Violation (IPV) which was subsequently reversed; when a judicial action finds that benefits were wrongfully withheld; or whenever this manual specifically states that a FSU is entitled to restoration of lost benefits.

**NOTE:** If it is determined that additional benefits are due in the same month current benefits are issued, it is considered a supplement. Any benefits provided after the month they were due are considered a restoration. Claims **can be** offset against restored benefits but **not** against supplements.

- A. When the loss to the FSU is caused by agency error or by an administrative disqualification penalty subsequently reversed, restore benefits for up to 12 months prior to whichever of the following occurred first.
  - 1. The date the agency receives a verbal or written request from the FSU for restoration; **or**
  - 2. The date the agency is notified or otherwise discovers that a loss to the FSU has occurred.
- B. When a judicial action finds that benefits have been wrongfully withheld and the judicial action is the first action filed by the FSU to obtain restoration of lost benefits, restore benefits for not more than 12 months prior to the first of the following dates.
  - 1. The date the agency receives a request for restoration; **or**
  - 2. If no request for restoration is received, the date the fair hearing action was initiated.
- C. Restore benefits even if the FSU is currently ineligible.
- D. Do not restore lost benefits when the loss is caused by a FSU error, such as failure to report a change that would result in increased benefits.

**NOTE:** It is recommended that lost benefits be restored no later than the next normal issuance cycle following the discovery of an error that results in lost benefits to the FSU.

**905.02            ERRORS DISCOVERED BY THE COUNTY**

- A. Restore any lost benefits when the agency determines that a loss has occurred and the FSU is entitled to a restoration of benefits.
- B. No action by the FSU is required in order to initiate restoration of lost benefits.
- C. Calculate the correct amount of benefits following instructions in 905.04.

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- D. Notify the FSU (using the Notice of Eligibility, Denial, or Pending Status, DSS-8551) of:
1. The correct amount of benefits;
  2. Any offsetting that was done;
  3. The method of restoration; **and**
  4. The right to appeal through the fair hearing process if the FSU disagrees with any aspect of the proposed restoration of lost benefits. (See Section 705, Fair Hearings.)

**905.03 DISPUTED BENEFITS**

- A. If a FSU does not agree with the calculated amount of benefits to be restored or any other action taken to restore lost benefits, the FSU may request a fair hearing within 90 calendar days of the date the FSU is notified of entitlement to restoration of lost benefits.

**NOTE:** If a fair hearing is requested prior to or during the time restoration of lost benefits is being processed, the FSU will receive the restored benefits as determined by the agency pending the results of the fair hearing.

- B. If a FSU believes it is entitled to restored benefits, and after review of the case situation the agency does not agree, the FSU may request a fair hearing within 90 calendar days from the date of the county decision.
1. Restore benefits only if the fair hearing decision is found favorable to the FSU.
  2. Restore benefits for up to 12 months prior to the date the agency initially discovered the FSU's possible entitlement to restored benefits.

**905.04 CALCULATING BENEFITS TO BE RESTORED**

After correcting the case for future months and excluding the months in which benefits may have been lost prior to the 12-month time limit described in 905.01, calculate the amount to be restored as follows.

- A. If the loss was caused by an incorrect delay, denial, or termination of benefits, calculate the months effected as follows.
1. If an eligible FSU's application was erroneously denied, the month the loss initially occurred is the month of application or, for an eligible FSU filing a recertification, the month following the expiration of its certification period is the month of application.
  2. If an eligible FSU's application was delayed due to county delay in the initial 30-day application-processing period, the amount of benefits lost would be calculated from the month of application. If the FSU was at fault for the initial delay, the amount of benefits would be calculated from the month following the month of application.
  3. If benefits were erroneously terminated, the month the loss initially occurred is the first month benefits were not received as a result of the erroneous action.

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- 4. After determining the initial month of lost benefits, calculate lost benefits for each subsequent month until the error was corrected or until the FSU became ineligible.
- B. If there is insufficient information in the case file to determine whether the FSU was eligible, request the FSU provide information for each month of potential lost benefits.  
  
**NOTE:** Do not restore benefits for any month a FSU fails to provide necessary information to determine eligibility.
- C. Calculate the allotment the FSU should have received for the eligible months. If the FSU received a smaller allotment than it was eligible to receive, the difference between the actual and correct allotments equals the amount to be restored.
- D. If there is an outstanding claim, the amount to be restored is offset against the amount due on the claim before the balance, if any, is restored to the FSU. (Refer to Section 800, Claims.)  
  
**NOTE:** When a FSU is certified and receives an initial allotment, the initial allotment cannot be reduced to offset claims even if the initial allotment is paid retroactively.
- E. Document all calculation of restored benefits on the Report of Erroneous Issue, DSS-1682. File the completed form in the case file. Authorize restored benefits using the Transaction Authorization, DSS-8593.

**905.05 REVERSALS OF INTENTIONAL PROGRAM VIOLATIONS (IPV)**

- A. If an IPV decision is reversed, an individual disqualified for an IPV is entitled to restoration of any benefits lost during the months that the individual was disqualified (not to exceed 12 months prior to the notification of lost benefits).
- B. To determine the amount restored for these individuals, compare the allotment the FSU received with the allotment the FSU would have received had the disqualified member been allowed to participate. If the FSU received a smaller allotment than it should have received, the difference equals the amount to be restored.
- C. Participation in an administrative disqualification hearing in which the FSU contests the county assertion of an IPV shall be considered notification that the FSU is requesting restored benefits.

**905.06 METHOD OF RESTORATION**

- A. Authorize restored benefits to the FSU regardless of its current eligibility to participate.
- B. Issue restored benefits in addition to the allotment authorized for a currently participating FSU.
- C. Using the Notice of Eligibility, Denial, or Pending Status, DSS-8551, notify the FSU of the entitlement to restored benefits, the amount to be restored, the method of restoration (lump sum), and its right to request a fair hearing if it disagrees with any aspect of the proposed restoration.

**NOTE:** FSIS will not accept restored benefit amounts of \$1, \$3, or \$5. Increase the authorized amount to \$2, \$4, or \$6 respectively in these situations. Document the case file. Use actual amounts to offset a claim.

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**905.07            CHANGES IN FSU COMPOSITION**

- A.     When a FSU's membership has changed, restore the lost benefits to the FSU containing the majority of the individuals who were FSU members at the time the loss occurred, even if the majority of FSU members are minors. The greatest number of remaining FSU members, even if it is only one, is still the majority.
  
- B.     Restore lost benefits to the FSU containing the head of the FSU at the time the loss occurred when the agency cannot determine which FSU contains a majority of the FSU members.

**905.08            AUTHORIZING RESTORED BENEFITS WHEN THE FSU MOVES**

Restored benefits must be authorized in the county where the FSU resides, regardless of where it lived when the benefits were lost. Take action to provide restored benefits using the procedures defined above once you discover or are notified that the FSU is entitled to restoration of lost benefits.